

VAN BUREN DISTRICT LIBRARY

Report on Audit of Financial Statements
For the Year Ended
December 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Van Buren District Library	County Van Buren
Fiscal Year End 12-31-07	Opinion Date 2-9-08	Date Audit Report Submitted to State 4-22-08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

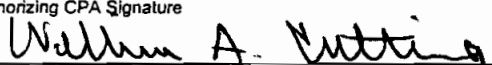
YES
NO

Check each applicable box below. (See instructions for further detail.)

- N/A
1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. ☒ ☐ The local unit has adopted a budget for all required funds.
 5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loans Act, or other guidance as issued by the Local Audit and Finance Division.
 7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin or Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 11. ☒ ☐ The local unit is free of repeated comments from previous years.
 12. ☐ ☒ The audit opinion is UNQUALIFIED.
 13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Cutting & Cutting, P.C.		Telephone Number 269-657-4720	
Street Address 303 Paw Paw Street		City Paw Paw	State MI
		Zip 49079	
Authorizing CPA Signature 	Printed Name William A. Cutting		License Number 1938

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February 9, 2008

INDEPENDENT AUDITOR'S REPORT

To the Van Buren District Library Board
Decatur, Michigan

We have audited the accompanying financial statements of Van Buren District Library as of December 31, 2007, and for the year then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Library's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Van Buren District Library, as of December 31, 2007, or the changes in its financial position for the year then ended.

Cutting & Cutting, P.C.

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS-CASH BASIS
VAN BUREN DISTRICT LIBRARY
December 31, 2007

Assets	General Fund	Special Revenue Funds	Capital Projects Fund	General Long Term Debt	Total (Memorandum Only)
Cash and equivalents	\$ 70,146	\$ 16,207	\$ 2,544		\$ 88,897
Investments	800,000	278,961	150,000		1,228,961
Amount to be provided for retirement of general long-term debt	<u>870,146</u>	<u>295,168</u>	<u>152,544</u>	<u>183,841</u>	<u>183,841</u>
	\$ <u>870,146</u>	\$ <u>295,168</u>	\$ <u>152,544</u>	\$ <u>183,841</u>	\$ <u>1,501,699</u>
 Liabilities and Fund Balance					
Payroll deductions	\$ 1,362				\$ 1,362
Compensated absences				<u>183,841</u>	<u>183,841</u>
Total liabilities	1,362			183,841	185,203
Fund balance	<u>868,784</u>	\$ <u>295,168</u>	\$ <u>152,544</u>		<u>1,316,496</u>
	\$ <u>870,146</u>	\$ <u>295,168</u>	\$ <u>152,544</u>	\$ <u>183,841</u>	\$ <u>1,501,699</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-ALL GOVERNMENTAL FUND TYPES-CASH BASIS
VAN BUREN DISTRICT LIBRARY
Year ended December 31, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues				
Taxes	\$ 1,006,270			\$ 1,006,270
Renaissance Zone	218,788			218,788
Intergovernmental	34,544			34,544
Charges for services	28,498			28,498
Penal fines	215,094			215,094
Interest	51,139	\$ 14,480	\$ 7,147	72,766
Webster Trust	94,525			94,525
Reimbursements	33,584			33,584
Miscellaneous	<u>12,346</u>	<u>13,439</u>	<u>5,200</u>	<u>30,985</u>
	1,694,788	27,919	12,347	1,735,054
Expenditures				
Salaries, wage and employee benefits	1,058,766			1,058,766
Supplies	31,416			31,416
Legal, professional and contracted services	55,627			55,627
Utilities	58,298			58,298
Maintenance	37,486			37,486
Books, magazines and periodicals	164,739			164,739
Audio-visual	32,702			32,702
Capital outlay	73,283		19,092	92,375
Miscellaneous	<u>70,107</u>			<u>70,107</u>
	1,582,424		<u>19,092</u>	<u>1,601,516</u>
Excess of revenues over expenditures	112,364	27,919	(6,745)	133,538
Other financing sources and uses				
Transfers in	11,524		9,000	20,524
Transfers out	<u>(9,000)</u>	<u>(11,524)</u>		<u>(20,524)</u>
	2,524	<u>(11,524)</u>	<u>9,000</u>	
Excess of revenues and other sources over expenditures and other uses	114,888	16,395	2,255	133,538
Beginning fund balance	<u>753,896</u>	<u>278,773</u>	<u>150,289</u>	<u>1,182,958</u>
Ending fund balance	\$ <u>868,784</u>	\$ <u>295,168</u>	\$ <u>152,544</u>	\$ <u>1,316,496</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL-
GENERAL AND SPECIAL REVENUE FUND TYPES-CASH BASIS
VAN BUREN DISTRICT LIBRARY
Year ended December 31, 2007

	<u>General Fund</u>		<u>Special Revenue Funds</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Amended</u> <u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues					
Taxes	\$ 1,006,013	\$ 1,006,270			\$ 257
Renaissance Zone	218,000	218,788			788
Intergovernmental	33,000	34,544			1,544
Charges for services	25,500	28,498			2,998
Penal fines	201,000	215,094			14,094
Interest	40,000	51,139	\$ 9,600	\$ 14,480	\$ 4,880
Webster Trust	89,000	94,525			5,525
Reimbursements	31,000	33,584			2,584
Miscellaneous	10,000	12,346	4,000	13,439	9,439
	<u>1,653,513</u>	<u>1,694,788</u>	<u>13,600</u>	<u>27,919</u>	<u>14,319</u>
Expenditures					
Salaries, wages and employee benefits	1,078,152	1,058,766			19,386
Supplies	40,000	31,416			8,584
Legal, professional and contracted services	60,500	55,627			4,873
Utilities	66,000	58,298			7,702
Maintenance	44,000	37,486			6,514
Books, magazines and periodicals	170,000	164,739			5,261
Audio-visual	33,000	32,702			298
Capital outlay	75,000	73,283			1,717
Miscellaneous	86,861	70,107			16,754
	<u>1,653,513</u>	<u>1,582,424</u>			<u>71,089</u>
Excess of revenues over expenditures	- 0 -	112,364	13,600	27,919	14,319
Other financing sources (uses)					
Operating transfers in	9,000	11,524			
Operating transfers out	(9,000)	(9,000)	(9,000)	(11,524)	(2,524)
	<u>- 0 -</u>	<u>2,524</u>	<u>(9,000)</u>	<u>(11,524)</u>	<u>(2,524)</u>
Excess of revenues and other sources over expenditures and other uses	\$ - 0 -	114,888	\$ 4,600	16,395	\$ 11,795
Beginning fund balance		753,896		278,773	
Ending fund balance		<u>868,784</u>		<u>295,168</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
VAN BUREN DISTRICT LIBRARY
December 31, 2007

Summary of significant accounting policies

The accompanying financial statements and budget information has been prepared using the cash basis of accounting.

A. Reporting Entity

The Library's financial statements include the accounts of all Library operations. The criteria for including organizations within the Library's reporting entity, as set forth in GASB No. 14, "The Financial Reporting Entity", is financial accountability.

B. Fund Accounting

The accounts of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Fund - The Capital Project Fund accounts for other revenues to be used for authorized expenditures.

Long-Term Debt Group of Accounts - The purpose of this group of accounts is to record the total long-term debt of the Library.

The electors in the area served voted on April 30, 1991 to become a district library and to levy 1 mill for operations. The District Library serves all of Van Buren County except for the areas served by the Hartford, Lawton, Paw Paw and South Haven Libraries.

C. Deposits and Equivalents

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Library considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Certificates of deposit with a maturity over three months are considered investments.

The Library's deposits are in accordance with statutory authority.

<u>Deposits</u>	<u>Book Carrying Amount</u>	<u>Bank Deposit Amount</u>
Insured	\$ 400,000	\$ 400,000
Uninsured and uncollateralized	<u>917,858</u>	<u>985,516</u>
Total deposits	\$ <u>1,317,858</u>	\$ <u>1,385,516</u>

Custodial credit risk is the risk that in the event of a bank failure, the library's deposits may not be returned to it. The library does not have a deposit policy for custodial credit risk. At year end, the library had \$917,858 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized.

The Library was given a mutual fund, value at date of gift was \$5,562. Cost value at December 31, 2007, with reinvested dividends: \$11,961. This investment is not insured and had a market value at December 31, 2007 of \$9,991.

D. Compensated Absences

Vacation leave is accrued as the benefits are earned by the employees, as the leave is attributable to past service and it is probable that the Library will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Sick leave is accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination benefits, as well as other employees who are expected in the future to receive such payments. Such accumulations are reduced to the maximum amount allowed as a termination payment.

The liability for both vacation and sick leave include an accrual for the Library's share of social security and medicare taxes that would be due when the leave benefits are paid.

The compensated absence liability has been recorded in the general long-term debt account group.

E. Retirement Commitments

The Library has a pension plan covering all employees regularly scheduled to work 30 hours or more per week. The plan is non-contributory and the Library contributed 9.42% of compensation for eligible participants in 2006 and 2007. Employees are vested after ten years service. The pension expense amounted to \$107,178 for the year ended December 31, 2007, which included an additional contribution of \$50,000. The total payroll for the year was \$819,254 of which \$458,278 was covered by the pension plan.

F. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

G. Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on the following December 1 and are due on February 14. Taxes levied by the District are collected by various municipalities and periodically remitted to the District. The 2007 levy is .8921 mill. Property taxes receivable at December 31, 2007 were approximately \$1,110,504.

H. Budgets

Budgets are adopted on the cash basis and are amended from time to time.

I. Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. Commercial insurance has been purchased to protect the Library.

J. Change in Reporting Format

GASB 34 requires certain governmental units to change their reporting format to allow for recognition of physical assets, depreciation expense and certain other items. The Library has not adopted this format.

COMBINING BALANCE SHEET-CASH BASIS
SPECIAL REVENUE FUNDS
VAN BUREN DISTRICT LIBRARY
December 31, 2007

	<u>Penal Fine Stabilization</u>	<u>Endowment</u>	Total (Memorandum Only)
Assets			
Cash and equivalents		\$ 16,207	\$ 16,207
Investments (at cost)	\$ <u>200,000</u>	<u>78,961</u>	<u>278,961</u>
	\$ <u>200,000</u>	\$ <u>95,168</u>	\$ <u>295,168</u>
Liabilities and Fund Balance			
Fund balance	\$ <u>200,000</u>	\$ <u>95,168</u>	\$ <u>295,168</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-CASH BASIS-SPECIAL REVENUE FUNDS
Year ended December 31, 2007

Revenues			
Interest	\$ 9,995	\$ 3,044	\$ 13,039
Dividends		1,441	1,441
Contributions	<u>9,995</u>	<u>13,439</u>	<u>13,439</u>
		17,924	27,919
Expenditures	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Excess of revenues over expenditures	9,995	17,924	27,919
Transfer to other funds	<u>(9,995)</u>	<u>(1,529)</u>	<u>(11,524)</u>
Excess of revenues and other sources over expenditures and other uses	- 0 -	16,395	16,395
Beginning fund balance	<u>200,000</u>	<u>78,773</u>	<u>278,773</u>
Ending fund balance	\$ <u>200,000</u>	\$ <u>95,168</u>	\$ <u>295,168</u>

COMBINING BALANCE SHEET-CASH BASIS
CAPITAL PROJECTS FUNDS
VAN BUREN DISTRICT LIBRARY
December 31, 2007

	<u>Automation</u>	<u>Vehicle Replacement</u>	Total (Memorandum Only)
Assets			
Cash and equivalents	\$ 1,675	\$ 869	\$ 2,544
Investments	<u>125,000</u>	<u>25,000</u>	<u>150,000</u>
	\$ <u>126,675</u>	\$ <u>25,869</u>	\$ <u>152,544</u>
 Liabilities and Fund Balance			
Fund balance	\$ <u>126,675</u>	\$ <u>25,869</u>	\$ <u>152,544</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-CASH BASIS-CAPITAL PROJECTS FUNDS
Year ended December 31, 2007

Revenues			
Interest	\$ 5,837	\$ 1,310	\$ 7,147
Sale of vehicle	<u>5,837</u>	<u>5,200</u>	<u>5,200</u>
	5,837	6,510	12,347
 Expenditures			
Purchase of vehicle	<u> </u>	<u>19,092</u>	<u>19,092</u>
Excess of revenues over expenditures	5,837	(12,582)	(6,745)
Transfer from General Fund	<u>5,000</u>	<u>4,000</u>	<u>9,000</u>
Excess of revenues and other financing sources over expenditures and other uses	10,837	(8,582)	2,255
Beginning fund balance	<u>115,838</u>	<u>34,451</u>	<u>150,289</u>
Ending fund balance	\$ <u>126,675</u>	\$ <u>25,869</u>	\$ <u>152,544</u>

BALANCE SHEET-CASH BASIS
GENERAL FUND
VAN BUREN DISTRICT LIBRARY
December 31

	<u>2007</u>	<u>2006</u>
Assets		
Cash and equivalents	\$ 70,146	\$ 255,251
Investments	<u>800,000</u>	<u>500,000</u>
Total assets	\$ <u>870,146</u>	\$ <u>755,251</u>
 Liabilities and Fund Balance		
Payroll deductions-insurance	\$ <u>1,362</u>	\$ <u>1,355</u>
Total liabilities	1,362	1,355
 Fund balance	 <u>868,784</u>	 <u>753,896</u>
	\$ <u>870,146</u>	\$ <u>755,251</u>

STATEMENT OF CHANGES IN FUND BALANCE-CASH BASIS
Year ended December 31

	<u>2007</u>	<u>2006</u>
Revenues	\$ 1,694,788	\$ 1,672,233
Expenditures	<u>1,582,424</u>	<u>1,507,346</u>
Excess of revenues over expenditures	112,364	164,887
Other financing sources and uses		
Transfers from other funds	11,524	8,396
Transfers to other funds	<u>(9,000)</u>	<u>(34,400)</u>
	<u>2,524</u>	<u>(26,004)</u>
Excess of revenues and other sources over expenditures and other uses	114,888	138,883
Beginning fund balance	<u>753,896</u>	<u>615,013</u>
Ending fund balance	\$ <u>868,784</u>	\$ <u>753,896</u>

STATEMENT OF REVENUES-BUDGET AND ACTUAL-CASH BASIS
GENERAL FUND
VAN BUREN DISTRICT LIBRARY
Year ended December 31

		<u>2007</u>		
	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2006</u>
Property tax	\$ 1,006,013	\$ 1,006,270	\$ 257	\$ 980,245
Renaissance Zone	218,000	218,788	788	213,288
State aid	33,000	34,544	1,544	31,568
Charges for services	25,500	28,498	2,998	29,534
Penal fines	201,000	215,094	14,094	224,213
Interest	40,000	51,139	11,139	38,920
Webster Trust	89,000	94,525	5,525	89,514
Memorial gifts	2,000	1,921	(79)	4,076
Reimbursements	31,000	33,584	2,584	28,057
Miscellaneous	<u>8,000</u>	<u>10,425</u>	<u>2,425</u>	<u>32,818</u>
	\$ <u>1,653,513</u>	\$ <u>1,694,788</u>	\$ <u>41,275</u>	\$ <u>1,672,233</u>

STATEMENT OF EXPENDITURES-BUDGET AND ACTUAL-CASH BASIS
GENERAL FUND
VAN BUREN DISTRICT LIBRARY
Year ended December 31

		<u>2007</u>		
	Amended Budget	Actual	Variance Favorable (Unfavorable)	<u>2006</u>
Salaries and wages	\$ 808,952	\$ 801,908	\$ 7,044	\$ 762,824
Payroll taxes	63,000	62,673	327	59,338
Employee benefits	94,200	87,007	7,193	83,201
Pension and deferred compensation	112,000	107,178	4,822	93,241
Office supplies	33,000	25,847	7,153	25,626
Operating supplies	7,000	5,569	1,431	4,471
Legal and professional	21,000	20,953	47	18,173
Contracted services- cooperative	18,500	17,671	829	16,148
Utilities	66,000	58,298	7,702	82,221
Travel	28,500	24,086	4,414	6,146
Promotional	12,000	11,147	853	11,043
Contracted janitor services	21,000	17,003	3,997	17,765
Insurance	11,800	10,060	1,740	10,530
Maintenance	44,000	37,486	6,514	43,375
Capital outlay	75,000	73,283	1,717	68,026
Books	154,000	151,093	2,907	148,897
Magazines and periodicals	16,000	13,646	2,354	13,678
Audio-visual	33,000	32,702	298	29,812
Internet fees	20,000	19,799	201	8,358
Miscellaneous	7,500	5,015	2,485	4,473
Contingency	<u>7,061</u>	<u> </u>	<u>7,061</u>	<u> </u>
	\$ <u>1,653,513</u>	\$ <u>1,582,424</u>	\$ <u>71,089</u>	\$ <u>1,507,346</u>

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February 9, 2008

Van Buren District Library
200 North Phelps Street
Decatur, Michigan

In planning and performing our audit of the financial statements of the Van Buren District Library as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Library does not have procedures in place to prepare financial statements in accordance with United States generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of the Van Buren District Library Board and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Cutting & Cutting, P.C.